



**STATE SENATOR NAN RICH  
LEGISLATIVE UPDATE  
FEBRUARY 2011**

**FLORIDA'S STATUS AS A 'DONOR STATE' MAGNIFIES STATE'S BUDGET WOES**

Florida's state constitution requires the legislature to pass a balanced budget each year, meaning that we can spend no more money than we take in. This constitutional provision, coupled with a downturn in revenue collections due to the recession, has meant we've had to make drastic cuts over the past few years. This year is no different, and unfortunately, the legislature once again will have to either find new sources of revenue, or will have to cut more than \$3.6 billion from the state budget.

Since we already have a budget that's smaller this year than it was in 2006 – despite the fact that we've experienced growth in both population and inflation over the past five years – there is no longer any so-called “fat” to cut from the budget. Any additional cuts we make will have a severe impact on schools, the judicial system, public safety and especially our most vulnerable residents – senior citizens, children in foster care, people with disabilities, and those with serious, chronic diseases.

It makes no sense, then, in a time when we are in dire need of revenue in order to avoid budget cuts that will hurt people, that we would leave hundreds of millions of dollars in federal grants on the table, and allow those funds to go to other states.

A recent study by the conservative think tank, Florida Tax Watch, found that Florida ranks 48<sup>th</sup> in the amount of revenue it receives (relative to our population) in federal grants compared with the amount of money our taxpayers send to Washington. For every dollar we receive in federal grants, we actually pay \$1.14. If Florida simply received back the same amount it paid in federal taxes, we would have an additional \$3.2 billion in grant funds – almost enough to eliminate our state budget deficit. If we only received the national average in per capita federal grants, we would have an additional **\$10.6 BILLION DOLLARS!**

Keep in mind, these grant funds aren't matching dollars – Florida would not have to spend its own money in order to receive these funds from the federal government. We would, however, have to be more aggressive in pursuing grant applications, and some grants would require us to improve the way we operate particular programs in Florida. Unfortunately, neither the legislature nor the governor have appeared willing to take the steps needed to attract federal grants that are instead going to other states.

One of the most glaring examples of federal grant money that we've left on the table has been the incentive funds that are offered for streamlining access to KidCare, Florida's State Children's Health Insurance Program (S-CHIP). KidCare provides low-cost health insurance to working families whose incomes are too high to qualify for Medicaid, but too low for them to afford private health insurance.

By removing some of the bureaucratic red tape that parents have to go through in order to enroll their children in KidCare, and removing administrative glitches that can lead to children having their coverage dropped, Florida could have competed for more than \$200 million in federal funds available to the states. Alabama expanded its enrollment strategies for children's health insurance, and received \$55 million in federal funds, while Florida couldn't even apply for them because it failed to take the necessary steps. This would have meant more children would have access to affordable health care, and helped to offset the cost of this program to Florida. When we have the second-highest number of uninsured children in the country – Florida has more than 700,000 children without health insurance – it is unconscionable to let these federal grant funds slip through our hands.

Another example of Florida losing out on federal funds is with the implementation of the federal health care reform law. In the last two weeks, the state has handed \$2 million back to the federal government because the Governor and Insurance Commissioner refuse to even make plans for the possibility that health care reform will go into effect. I realize the legislation is subject to multiple state lawsuits, and likely will have to go to the U.S. Supreme Court for an ultimate decision. But it is foolish for public officials to fail to develop a plan for the implementation for such a significant program (and hand back federal funding), simply because they dislike it and hope the courts will throw it out.

Of course, I will continue to urge my legislative and executive branch colleagues to improve our efforts to bring home the fair share of federal grant money that Florida taxpayers deserve. As always, I appreciate the opportunity to serve as your State Senator. If you have any comments or questions on any issue related to Florida government, please feel free to contact my office at (954) 747-7933 or email at [rich.nan.web@flsenate.gov](mailto:rich.nan.web@flsenate.gov).